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Zambia Monthly Briefing February 2025

Zambia Summary 19 February 2025

Zambia's central bank raises its key interest rate by a half percentage point to 14.5%, the highest level in over eight years, to support its weakening currency and curb inflation. Government unveils its Medium-Term Budget Plan (MTBP) for the years 2025-2027 which has amongst its key targets, a contractionary fiscal policy stance aimed at reducing budget deficits. The United Nations says human rights are at a crossroads in Zambia as the country prepares for general elections in 2026 amidst major economic challenges and rising political tensions.

Central bank hikes interest rates to eight year high

The **Bank of Zambia** (central bank) on 12 February raised its key interest rate by a half percentage point to its highest level in more than eight years to support the kwacha and curb inflation. Central bank governor **Denny Kalyalya** announced that the **Monetary Policy Committee (MPC)** has increased the policy rate by 50 basis points to 14.5% following its meeting on 10 and 11 February, in an effort to steer inflation back within the target band of between 6% and 8% amid rising economic pressures.¹ Figures from the national statistics agency, **Zamstats**, indicate that headline inflation was 16.7% in January, unchanged from December's figure, but higher than 16.5% in November and 15.7% in October.

The implementation of higher emergency electricity tariffs in November 2024, triggered by the drought in the 2023/24 rainy season, has had substantial impact, particularly on non-food inflation, which rose to 14.1% in November from 12.2% in October. The reduced supply of vegetables and fish as well as the depreciation of the exchange rate have contributed to higher inflation. The kwacha weakened 4.8% against the **United States (US)** dollar in the last quarter, as Zambia increased food and electricity imports to offset drought-related shortfalls.

Over the next eight quarters, the central bank projects inflation to remain outside of its target band, averaging 14.6% in 2025 compared to 13.9% reported in the November 2024 MPC statement. In 2026 inflation is projected to decline to 10.6%. With inflation rising, the central bank says it is introducing a new family of currency notes which will see the launch of higher denominations of K200 (\$7.14) and K500 (\$17.87) on 31 March.²

Finance and national planning minister **Situmbeko Musokotwane** is expected to soon issue a Statutory Instrument (SI) detailing the procedures for exchanging the old currency for the new notes. The SI will also specify the exchange period as well as the designated exchange points across the country where the public can exchange their old currency for the new currency. To facilitate this change, the central bank says it will launch a country-wide sensitisation campaign to educate the public about the new currency so that everyone understands and becomes familiar with its features.

¹ Bloomberg, 12 Feb 2025

² Diggers, 11 Feb 2025

The introduction of K200 and K500 notes signals that the country has an inflationary issue and there will likely be a devaluation of the kwacha in terms of purchasing power if the new notes do not match the country's economic growth.

Government targets tight fiscal policy in medium term

Government unveiled its **Medium-Term Budget Plan (MTBP)** for 2025 – 2027 on 2 February aimed at addressing critical issues such as managing government debt, eradicating poverty, and tackling the chronic shortfall in power supply. Among the key targets of the plan is that the fiscal policy will be contractionary, targeting a reduction in the fiscal deficit from 3.1% of GDP in 2025 to 0.7% by 2027, reflecting a commitment to fiscal discipline and sustainable economic management.³

After growth is estimated to have slowed to 1.2% in 2024, down from a 4.5% target, due to the drought effects on agriculture and power supply, the government sees economic growth jumping to 6.6% in 2025 and tapering by 0.5% each year, reaching 5.6% by 2027, primarily driven by the mining sector, particularly copper. Achieving a 6% real GDP growth in the medium term is ambitious, especially following the downturn in 2024. However, the **International Monetary Fund (IMF)** is also forecasting a very strong economic recovery for Zambia with a projected 6.2% GDP growth in 2025 driven by a recovery in agriculture and investments in mining.⁴ Despite the drought-induced power shortages, the government estimates last year's copper production was over 820,670 metric tonnes, a 12% rise on the 732,580 metric tonnes produced in 2023.⁵

Candada-based Barrick Gold's Lumwana Mine ramped up output and **United Kingdom-based Vedanta Resources' Konkola Copper Mines (KCM)** resumed activities. Output also picked up at **Mopani Copper Mines**, which was recently acquired by the **United Arab Emirates (UAE) firm, International Resources Holding**. Zambia wants to raise copper output to about one million tonnes by 2026 and further out to three million tonnes by 2030.

The government also plans to increase domestic revenue from 20.5% of GDP in 2025 to 21.2% by 2027 through new tax policies and compliance measures, while aiming for an inflation rate of between 6% and 8% to combat rising food costs. However, the central bank sees the annual inflation rate remaining above the target band in the medium term (see above).

Zambia is also currently grappling with a significant debt challenge exacerbated by both external and domestic obligations. Over the medium term, the government plans to allocate K147.8 billion (\$5.28 billion) solely for debt interest payments, with K126.7 billion (\$4.52 billion) for domestic debt servicing and K21.2 billion (\$757m) for external debt.⁶

While Zambia will need to continue servicing its debts in line with agreed arrangements, the substantial debt service burden may limit the fiscal space available for essential social services and developmental initiatives. Fluctuations in the exchange rate and global economy dynamics may also deteriorate efforts to effectively align the government's annual budgets to the MTBP while the 2026 general election spending may also affect plans to limit spending.

Human rights at crossroads ahead of 2026 election

United Nations (UN) special rapporteur has said that human rights are at a crossroads in Zambia as the country prepares for general elections in 2026 amidst major economic challenges

³ Lusaka Times, 3 Feb 2025

⁴ Diggers, 20 Nov 2025

⁵ Reuters, 22 Jan 2025

⁶ Lusaka Times, 8 Feb 2025

and rising political tensions. Khan was on a ten-day visit to Zambia between 20 and 31 January to assess accusations that the government is stifling dissent while also focusing on Zambia's legal and policy framework and the safety of journalists, activists and human rights defenders in the country.

At the end of her mission, Khan called for legal reforms to ensure the independence of key institutions, including the judiciary, the independent broadcasting authority, the electoral commission, and the **Human Rights Commission**, to ensure accountability and safeguard freedom of expression, adding:

“This government came to power on a platform for change, promising to uphold human rights, and it must follow through on its commitments to foster a truly enabling environment for the freedom of expression.”⁷

Khan's visit came as several reports surfaced about the government being intolerant of dissent with the arrest of opposition politicians and journalists.

In May 2024, police arrested two opposition lawmakers, two opposition party leaders and an activist on espionage charges. This followed their accusation that the government played a role in the alleged abduction of an independent lawmaker, **Emmanuel Jay Jay Banda**. The government has denied that accusation.⁸ Local journalist **Thomas Zgambo** has been arrested three times in 13 months after writing articles critical of the government and is facing sedition charges.

Local media reported on 1 February that the **Zambia Police Service**, in partnership with the **Zambia Information and Communication Technology Authority (ZICTA)**, had apprehended several individuals in connection with the dissemination of provocative statements and allegations concerning the health status of President **Hakainde Hichilema** (2021-present).⁹

On the other hand, the **Law Association of Zambia** president **Lungisani Zulu** says the government's renewed interest in operationalising laws on sedition, insults and criminal defamation suggests an intolerance for divergent views adding that reliable national dialogue is important as the country heads towards the 2026 general elections.¹⁰

Khan said she had sensed disappointment with the slow pace of reforms and growing concerns that oppressive tools and tactics employed by the previous regime were being revived to suppress criticism against the current government. She further expressed concern about the continued application of the **Public Order Act** by the police as a license to restrict and disrupt public gatherings and urged the government to speed up the repeal and replacement of this law. Khan also said that Zambia faces a high level of online information manipulation by political actors, urging politicians to exercise responsibility in their speech:

“While political speech enjoys strong protection as a human right, politicians have a special responsibility to inform, not mislead, the public and refrain from advocacy that incites violence, hostility or discrimination which is strictly prohibited under international law.”¹¹

Highlighting some positive developments since the government came to power in 2021, Khan commended the government for adopting the **Access to Information Act** saying that it was now crucial that this law is fully implemented, including through the full operationalisation of

⁷ OHCHR, 31 Jan 2025

⁸ VOA, 27 Jan 2025

⁹ Kusaka Time, 1 Feb 2025

¹⁰ Diggers, 9 Feb 2025

¹¹ OHCHR, 31 Jan 2025

the Human Rights Commission as the access-to-information agency. Khan also welcomed the decriminalisation of defamation of the president but cautioned that other legal provisions continue to restrict free expression saying laws on criminal libel, seditious practices, insults, hate speech and cybercrimes are being used to prosecute.

Planner

21 May 2025 **Lusaka (Zambia) Bank of Zambia** (central bank) **Monetary Policy Committee** decision.

Jul 2025 **Lusaka (Zambia)** Mid-Year Budget Review

Chronology

13 Feb 2025 **Lusaka (Zambia) Lusaka Times. Dubai Port (DP) World**, a multi-national logistics company from the **United Arab Emirates**, announces plans to invest \$300m into Zambia's transport and logistics sector;

13 Feb 2025 **Lusaka (Zambia) Diggers**. The latest auditor general's report on parastatal bodies reveals that **Zesco Limited** incurred interest charges of \$70.6 m in 2022 and \$85.4 m in 2023 due to delayed payments to independent power producers;

12 Feb 2025 **Lusaka (Zambia) ZNBC. Bank of Zambia** governor **Denny Kalyalya** says international reserves increased to \$4.31 billion at the end of December 2024, equivalent to 4.6 months of import cover, from \$4.1 billion in September 2024;

12 Feb 2025 **Lusaka (Zambia) ZNBC**. Approximately two thousand residents of **Kansaki**, an area in **Kaputa (Northern Province)**, which was previously part of the **Democratic Republic of Congo (DRC)**, are seeking Zambian citizenship;

12 Feb 2025 **Lusaka (Zambia) Reuters. Canada's First Quantum Minerals** chief financial officer **Ryan MacWilliam** says the company will not rush into a deal to sell a minority stake in its Zambian copper mines;

12 Feb 2025 **Lusaka (Zambia) Diggers. Transparency International Zambia (TIZ)** says Zambia's **Corruption Perception Index (CPI)** score improved by two points from 37 in 2023 to 39 in 2024;

12 Feb 2025 **Lusaka (Zambia) Mining Weekly. Canada's Barrick Gold** signs a memorandum of understanding (MoU) with state-owned **Industrial Resources Limited (IRL)** to boost copper exploration and mining with the aim to increase production, develop infrastructure, and attract foreign investment;

11 Feb 2025 **Lusaka (Zambia) ZNBC**. Police arrest opposition **Chawama** member of parliament **Tasila Lungu**, the daughter of former president **Edgar Lungu**, on charges of money laundering and possession of property suspected to be proceeds of crime;

11 Feb 2025 **Lusaka (Zambia) ZNBC**. Faith-based civil society organisation, **Caritas Zambia** says it is closely monitoring the influx of refugees at the **Mantapala Refugee Settlement** in **Luapula Province**, following the ongoing crisis in the **Democratic Republic of Congo (DRC)**;

11 Feb 2025 **Lusaka (Zambia) ZNBC**. Health minister Dr. **Elijah Muchima** says the country has recorded 238 cumulative cholera cases as of 10 February 2025;

10 Feb 2025 **Lusaka (Zambia) Diggers**. The **TAZAMA Pipeline** Open Access Selection Committee awards a contract to state-owned **Indeni Energy Company Limited** and two other

private companies to supply low-sulphur gas oil to the Zambian market from April 2025 using the pipeline;

9 Feb 2025 **Lusaka (Zambia) Diggers**. **Law Association of Zambia** president **Lungisani Zulu** says government's renewed interest in operationalising laws on sedition, insults and criminal defamation suggests an intolerance for divergent views as the country heads toward the 2026 general elections;

8 Feb 2025 **Lusaka (Zambia) MSN**. India-headquartered **Vedanta** seeks \$1 billion in debt financing to fund the development of the **Konkola** copper mine with a potential output of 300,000 tonnes per year;

7 Feb 2025 **Lusaka (Zambia) MSN**. Japanese prime minister **Shigeru Ishiba** and President **Hakainde Hichilema** agree to deepen economic cooperation through the mining and minerals trade;

7 Feb 2025 **Lusaka (Zambia) Zambian Observer**. The **Electoral Commission of Zambia (ECZ)** announces the results of the recently held two by-elections with opposition **Tonse Alliance's** candidate **Simon Banda** winning the **Petauke** constituency while **United Party for National Development's** **Justin Kapema** wins the **Pambashe** seat;

7 Feb 2025 **Lusaka (Zambia) Diggers**. **Zesco Limited** board chairperson **Vickson Ncube** says residential customers will receive at least seven hours of electricity from four hours as the utility has managed to secure additional imports;

7 Feb 2025 **Lusaka (Zambia) Diggers**. Energy ministry terminates the contract awarded to **Agro Fuels** for the supply of diesel and cleaning of the **TAZAMA Pipeline** paving the way for the opening up of the pipeline to other users;

6 Feb **Lusaka (Zambia) Bloomberg**. Finance minister **Situmbeko Musokotwane** says Zambia is considering whether to sign onto a new programme with the **International Monetary Fund (IMF)**, with the current deal set to end in October and the 2026 elections approaching;

6 Feb 2025 **Lusaka (Zambia) Diggers**. Commerce minister **Chipoka Mulenga** discloses that **Japan's Toyota Motors Corporation** has accepted President **Hakainde Hichilema's** proposal to invest in renewable power generation in Zambia;

5 Feb 2025 **Lusaka (Zambia) Diggers**. Government says it projects to borrow a total of K280.7 billion (\$10 billion) from the domestic market between 2025 and 2027 in order to bridge the gap between revenues and expenditures;

4 Feb 2025 **Lusaka (Zambia) Times of Zambia**. President **Hakainde Hichilema** arrives in **Tokyo (Japan)** on a four-day working visit to at the invitation of prime minister **Shigeru Ishiba**;

1 Feb 2025 **Lusaka (Zambia) Lusaka Times**. The **Zambia Police Service**, in partnership with the **Zambia Information and Communication Technology Authority (ZICTA)**, apprehends several individuals in connection with the dissemination of provocative statements and allegations concerning the health status of President **Hakainde Hichilema**;

31 Jan 2025 **Lusaka (Zambia) Lusaka Times**. The **COMESA Competition Commission** is investigating whether **Zambia Airways** and **Kenyan Airways** violated aviation regulations by delaying flights and inconveniencing their customers;

30 Jan 2025 **Lusaka (Zambia) The Business Standard**. **Switzerland** cuts foreign aid to Zambia, **Bangladesh** and **Albania** following cuts in foreign aid funding by parliament;

27 Jan 2025 **Lusaka (Zambia)** *VOA*. **United Nations (UN)** special rapporteur **Irene Khan** is in Zambia for ten days to assess allegations that the government is stifling dissent;

23 Jan 2025 **Lusaka (Zambia)** *Diggers*. **Zambia Chamber of Commerce and Industry (ZACCI)** CEO **Elvin Nasilele** expresses concern over the increased cost of doing business in Zambia, following a government announcement that post-budget taxes for 2025 will introduce tax increases across various sectors;

22 Jan 2025 **Lusaka (Zambia)** *Reuters*. Mines minister **Paul Kabuswe** reports copper output rose 12% in 2024 to approximately 820,670 tonnes, driven by a recovery in production at key mines;

18 Jan 2025 **Lusaka (Zambia)** *Diggers*. **Canada's First Quantum Minerals (FQM)** discloses that it recorded an annual copper production of 431,000 tonnes in 2024, exceeding the guidance range of 400, 000 tonnes;

18 Jan 2025 **Lusaka (Zambia)** *Diggers*. The **Bank of Zambia** (central bank) explains that the disruption in interbank fund transfers and settlements service that occurred on 16 January was caused by frequent power outages and was not a result of a cyber-attack;

17 Jan 2025 **Lusaka (Zambia)** *Lusaka Times*. The **United States State Department** approves possible Foreign Military Sale (FMS) to Zambia for Bell 412 helicopters at an estimated cost of US\$100m, according to the **US Defense Security Cooperation Agency (DSCA)**;

16 Jan 2025 **Lusaka (Zambia)** *Mining Weekly*. Mines minister **Paul Kabuswe** says **Saudi Arabia's Manara Minerals** is interested in investing in a critical minerals project in Zambia;

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